Twinsburg City School District

Summit County Ohio

General Fund

Five Year Forecast Review

July 1, 2021 Through June 30, 2028

November 15, 2023

Presented By:

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O.R.C. and O.A.C. Requirements

- O.R.C. 5705.391 and O.A.C. 3301-92-04
  - Require a Board of Education to submit a five-year projection of operational revenues and expenditures along with assumptions to the Ohio Department of Education prior to November 30th and an update by May 31st of each fiscal year
  - Required funds to be included in the five-year forecast are:
    - General Funds (001)
    - Any special cost center associated with general fund money
    - Emergency levy funds (016)
    - Any debt service (002) activity that would otherwise have gone to the general fund

Purposes and Objectives of the Forecast

- To engage the Board of Education and the community in long range planning and discussions of financial issues facing the school district.

- To serve as a basis for determining the school district’s ability to sign the certificate required by O.R.C. 5705.412, commonly known as the “412 certificate”.

- To provide a method for the Ohio Department of Education and Auditor of State to identify school districts with potential financial problems.

Before we get to the numbers …

- A financial forecast is somewhat like a painting of the future based upon a snapshot of today.
- The five-year forecast is viewed as a key management tool and should be updated periodically.
- In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, one must review and consider the *Notes and Assumptions* before drawing conclusions or using the data as a basis for other calculations.
- The five-year forecast encourages district management teams to examine future years' projections and identify when challenges will arise.
- This helps district management to be proactive in meeting those challenges.

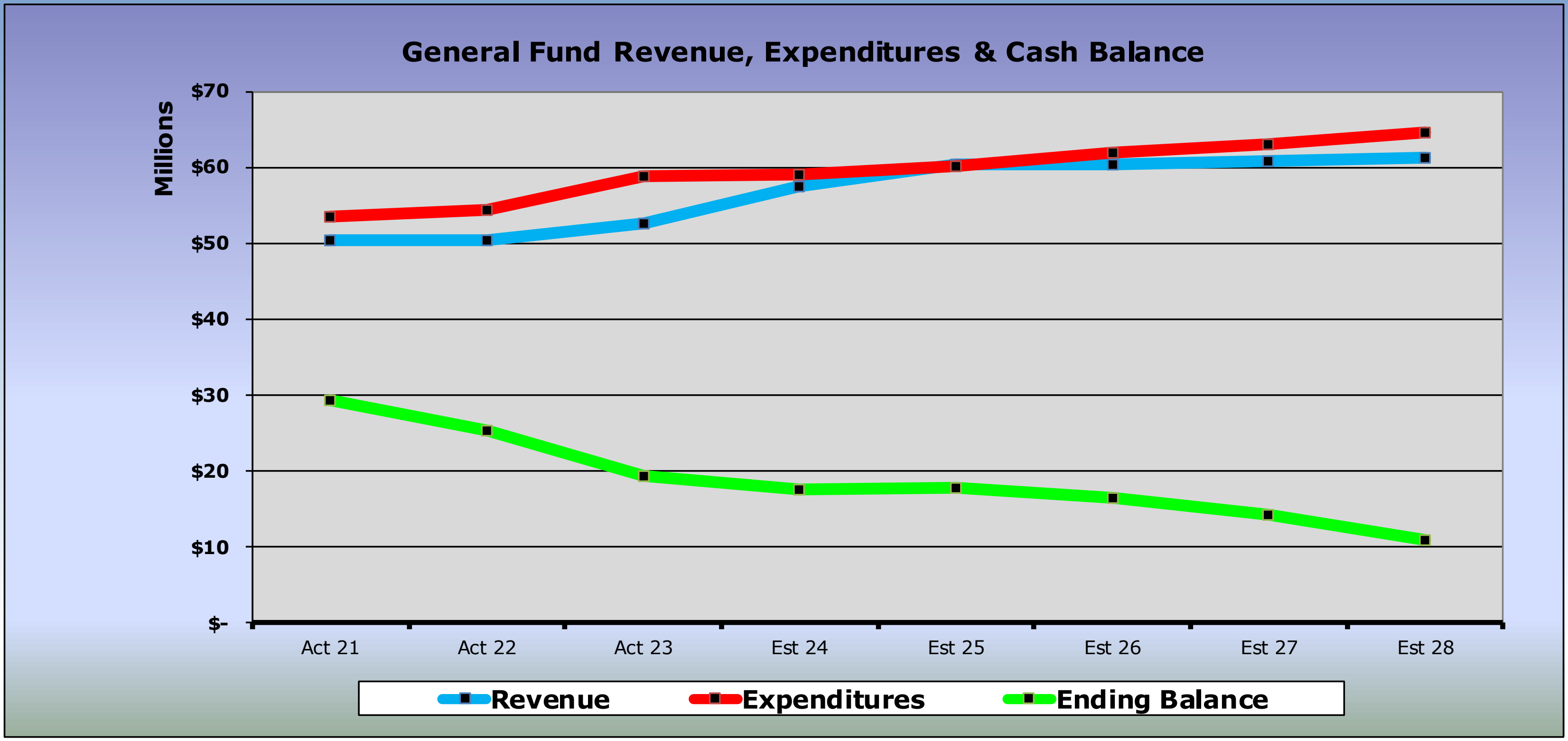
Key Line Items

- The five-year forecast is divided into two sections: revenue and expenditures.

- A district's revenue is made up of two main sources, local and state funding.

- The expenditures are mainly salary and wages, benefits, purchased services, and supplies and materials.

Revenue Vs. Expenditure



- Expenditures began exceeding revenues in FY20.
- Models most current state revenue data for FY24 & FY25 with HB33 funding model.
- The $6,210,000 levy passed on November 7th is a major factor in our positive cash balance throughout the period of this forecast!

Factors that brought us the positive Cash Balances through FY28

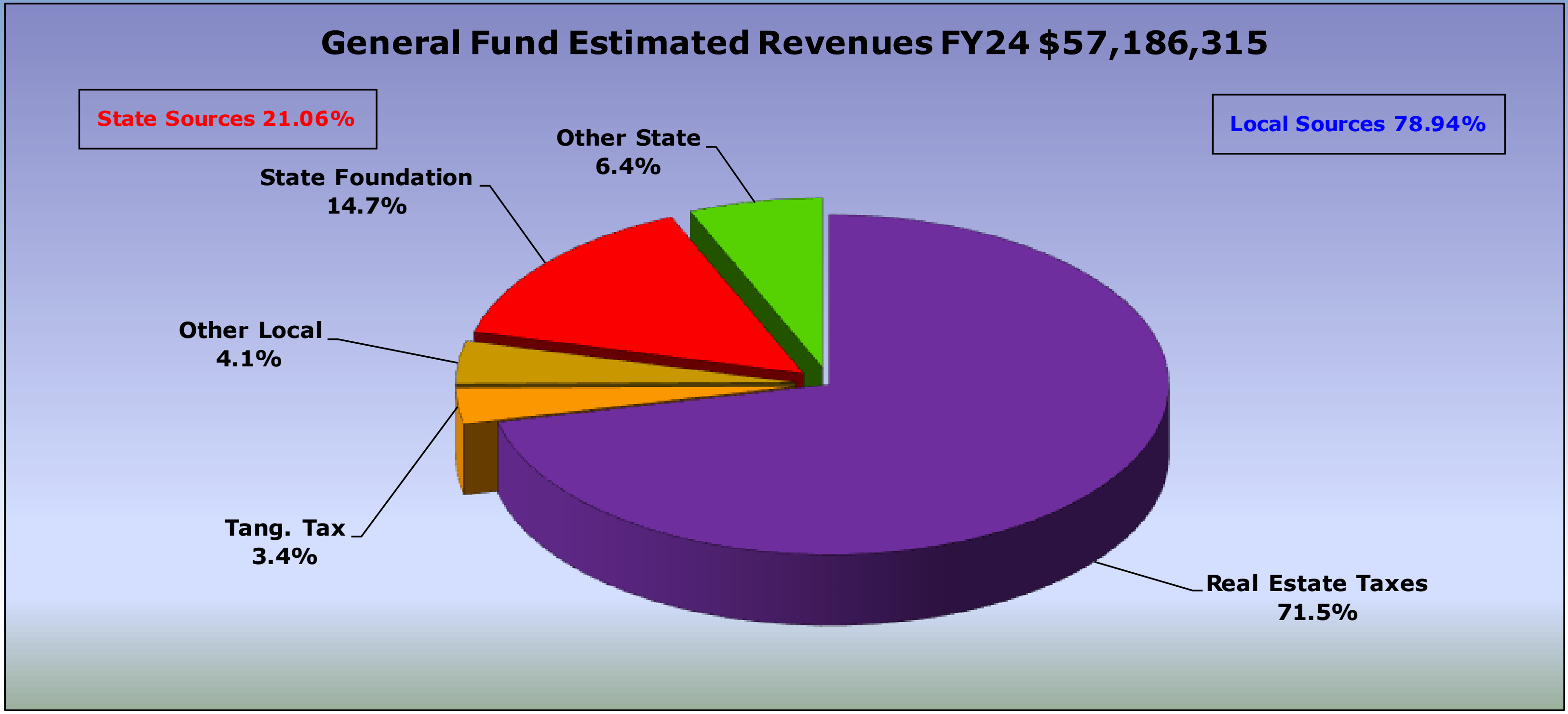
As a result of multiple factors, we are projecting positive cash balances throughout the period of the forecast, including FY28:

- ✓ The implemented Expenditure Reductions in Spring 2023 (which also includes increasing some revenue lines)
- ✓ The community passing the Emergency Levy on November 7th
- ✓ About $1.5 million increase in State Foundation for FY24 and keeping it through FY28
- ✓ All additional revenues District Administration went after:

  - ❑ which either have increased our general fund receipts, such as
    - ✓ Interest received in 2023 for over $ 874K
    - ✓ Catastrophic cost refund of about $ 260K

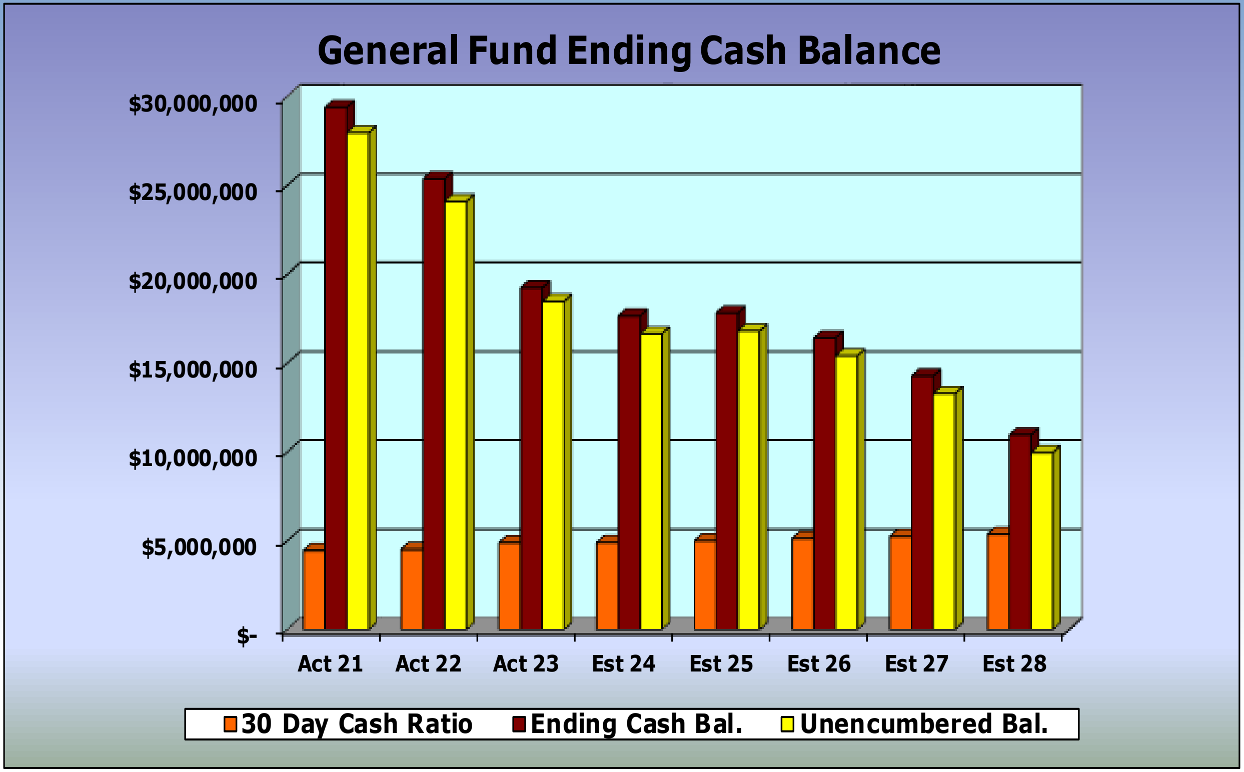
  - ❑ or save us Permanent Improvement funds, such as the Safety Grants of $ 500K

Est. General Fund Revenue Sources FY24



- State of Ohio contributes just 21.06% in FY24. This is up from prior 19 % due to the changed formula which brings us close to 1.5 million more in FY24. This change was implemented in October 2023.
- District is still mostly reliant on local taxpayers for support.

Ending Cash Balance-Includes New Levy



- 30 – 60 day cash balance a responsible and recommended target to end each fiscal year
- No less than $-0- required by Ohio law;
- 30 days suggested by Department of Education and Workforce and
- 60 days & more recommended by the Government Finance Officers Association (GFOA)

Many Challenges To Operating Funds

- Our TPP state reimbursement was cut. During FY22 our District received the last payment in the amount of of $633,610. In FY19 we received $3,108,754….in FY15 we received $6,671,486

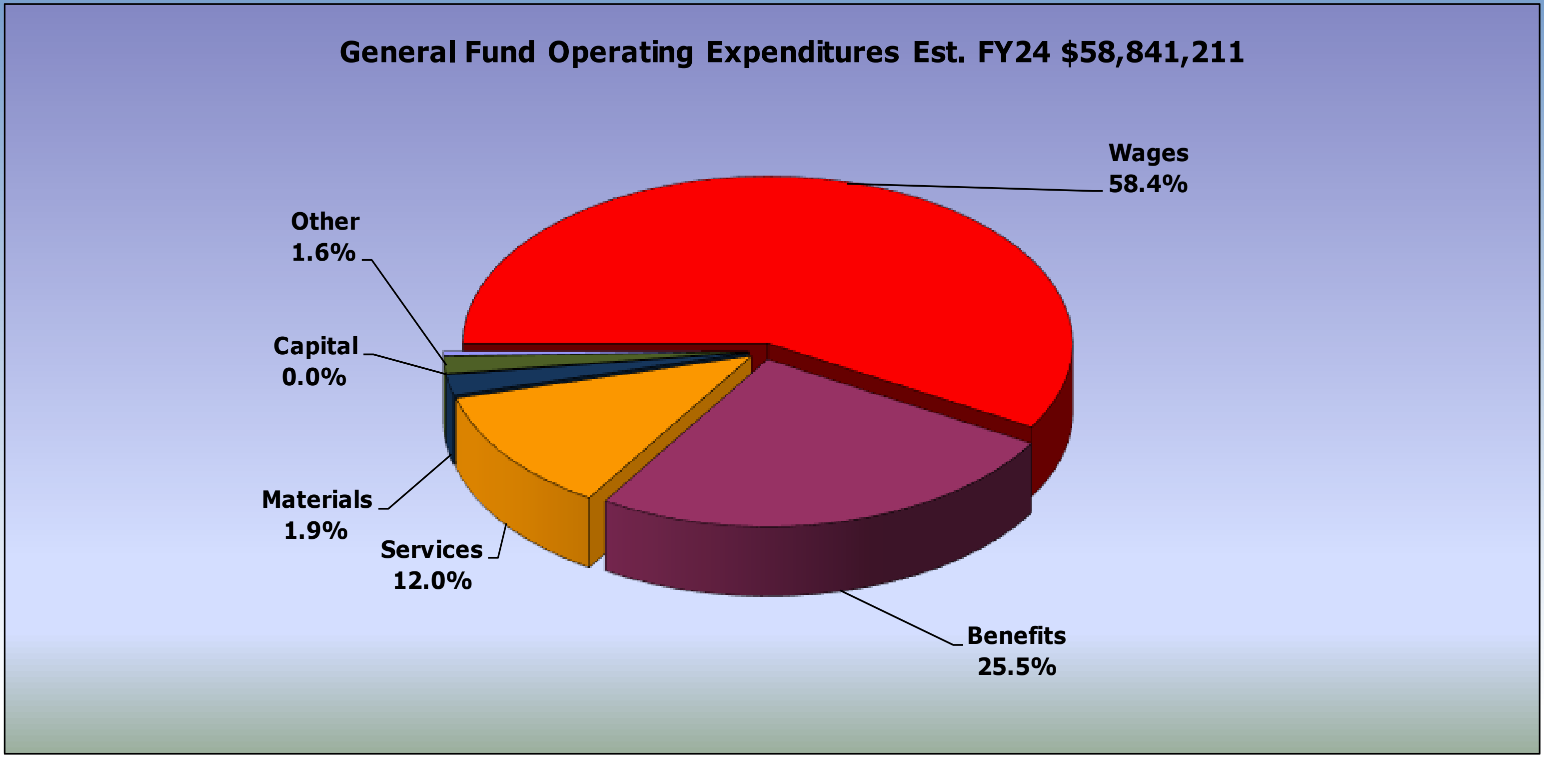
  These are substantial revenue losses to our district and we must not forget that the small increases in state foundation funding will not make these losses up.

- Increased payroll, benefits and other costs due to inflation

- No payroll increase included in the current forecast beyond FY2024

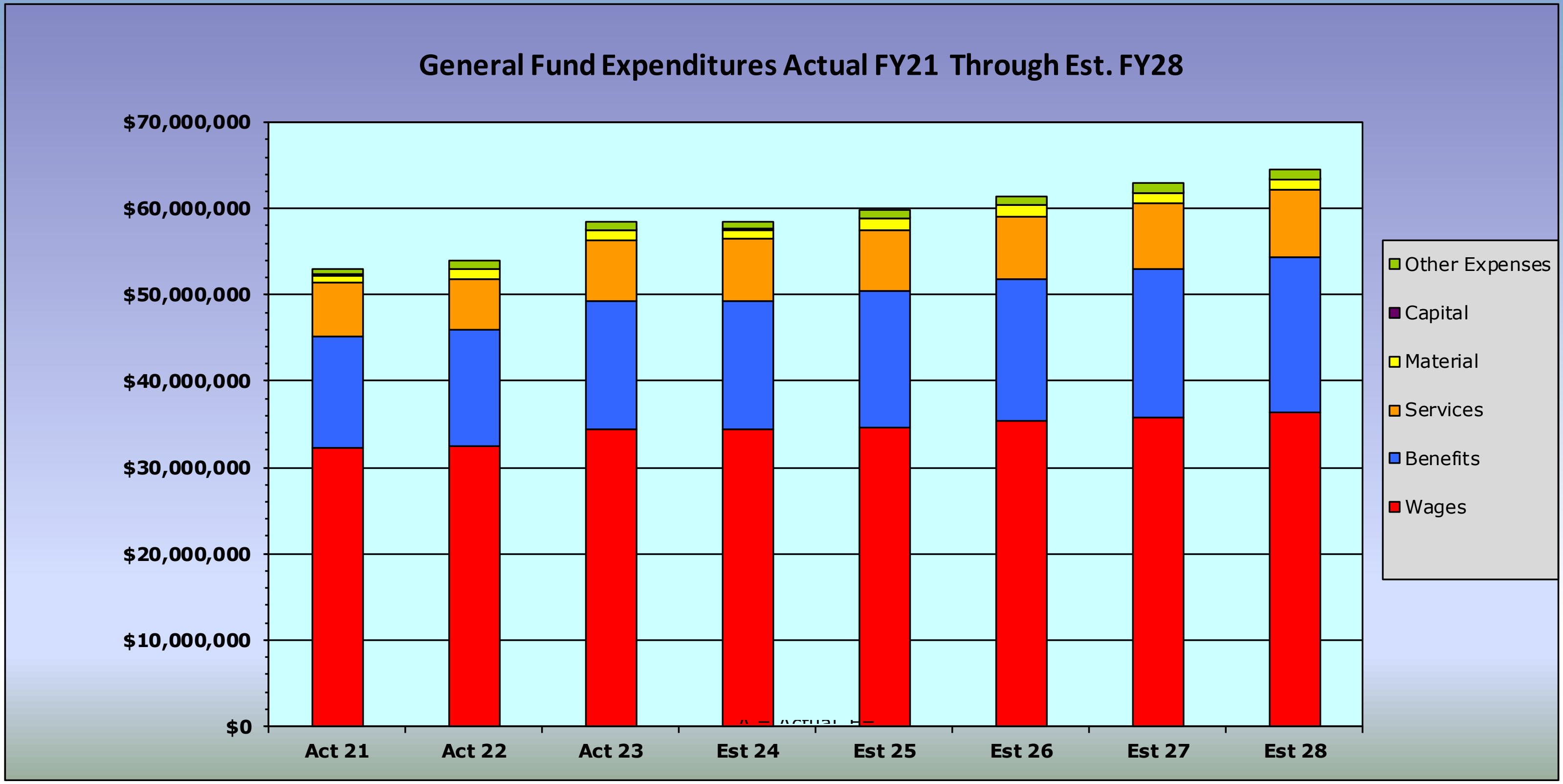
- Benefits increase included at estimated 7% for medical after this fiscal year. Please note: as payroll cost increases, it triggers increased retirement and Medicare cost

Est. General Fund Expenditures FY24



- Wages and benefits estimated 83.9%...this is very high and should be less than 80%.
- Fringe benefits follow wages and is the 2nd highest cost and the fastest growing category in this forecast.
- We also have additional wages in the Purchased Services section through the Education Service Center of NE Ohio and City of Twinsburg.

General Fund Expenditures By Object FY21 through Est. FY 28



- Expenses are projected to increase at 4.9% from FY23 through FY28
- Revenue will be increasing about than 2.3% average

Action Steps

- We must stay on course with the Expenditure Reduction Plan
- Continue to off load operating costs from General Fund to P.I. so operating funds are not drained by larger facility, transportation and technology costs
- Administration and Board to continue exploring ways to accomplish a balanced budget

Thank You for Listening

Questions and Answers